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SUBJECT: A/S SHANNON STATEMENTS ON THE US-Argentina BILATERAL
RELATIONSHIP; VENEZUELA'S CANDIDACY FOR A SEAT AT THE UNSC;
ARGENTINE VOTE IN FAVOR OF VENEZUELA; WATERGATE REPORTER'S
STATEMENTS ON PRESIDENT BUSH; US-MEXICAN BORDER WALL; BRAZILIAN
ELECTIONS; CHINA; US-URUGUAYAN DEAL; THE ROLE OF THE UN; GSP;

10/02/06

1. SUMMARY STATEMENT

Leading international stories today include US Assistant Secretary Thomas Shannon's statements on the US-Argentina bilateral relationship; Venezuela's candidacy for a seat at the UN Security Council; Argentina's vote in favor of Venezuela's candidacy; a Watergate reporter's statements on the Bush administration; the US Senate's approval of a wall on the US-Mexican border; the outcome of Brazilian elections; China's prospects; US-Uruguay talks; and the role to be played by the UN.

2. OPINION PIECES

- "'It does not matter if there is disagreement, because we do have common interests'"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (09/30) "US Assistant Secretary for Western Hemisphere Affairs, Thomas Shannon, believes that (President) Nestor Kirchner's meetings with investors in New York 'have marked an important step forward.' During an exclusive interview with 'Clarín,' Shannon explained what the Bush administration's policy on Argentina is like today.

"Asked how much damage Argentina's vote in favor of Venezuela at the UN Security Council will do, Shannon said 'we share a series of interests and values with Argentina, regardless of disagreements that we might have.' He added: 'We share profound interests with Argentina beyond what the media say. My work and that of (Ambassador) Bordon is highlighting that our interests are the same, regardless of some strident opposed voices in this regard. During my meetings with Ministers Fernandez and De Vido (in New York) and with President Kirchner, we acknowledged at the end of the day that both countries need each other. There are obviously different points of view about the voting at the (UN Security) Council and we have to respect that. We have talked with Argentina and we understand its position. However, one has to also bear in mind that the UN Security Council is not a bilateral issue, and that the voting is global.

"... On Ambassador Tony Wayne and the priority he will grant to the investment climate and the problem posed by IPR, Shannon said that 'he has not arrived and we are already speaking about his agenda and trying to determine whether economic issues will account for 20 or 30 per cent of his portfolio. The issue will be a top priority. Kirchner made clear to investors in New York that Argentina is open to business. This was an important step forward. And we do want to

ensure that US corporations will be able to explore investment opportunities in the country. When the ambassador arrives, he will work with the (Argentine) Government to ensure that the local business climate will attract investment."

- "Chavez forces arm-wrestling at the UN"

Mariano Obarrio, political columnist of daily-of-record "La Nacion," writes (10/02) "In spite of US pressure, President Kirchner decided that Argentina will support Venezuela in obtaining a non permanent seat at the UNSC. However, Venezuela will not obtain enough votes to be able to win in the first round, and therefore a third unknown candidate could emerge.

"According to high-ranking governmental and congressional sources, Panama, the Dominican Republic and Costa Rica are among the countries that could appear in a second round.

"Some sectors of the Chilean government promoted Uruguay, but this candidacy may have vanished. In any event, the upcoming October 16 UN elections still seem a riddle, at least regarding the seat corresponding to Latin America and the Caribbean, which is currently filled by Argentina...

"It has become a highly important element of negotiation among Latin American foreign ministries.

"... The US supports Guatemala and openly rejects Chavez due to his alliance with Iran and his support for fundamentalist terrorist organizations...

"... What will Argentina do? According to the (Argentine) Foreign Ministry, 'We'll see.' The truth is that the decision to support Venezuela will have neither positive nor negative consequences on the US-Argentine bilateral relationship, at least for now. Washington is paving the way for the arrival of its new Ambassador,

Earl Anthony Wayne, in Buenos Aires in November.

"The US Department of State seeks to prioritize common interests and values, thereby disregarding, at least for now, the friendship between the Argentine and Venezuelan governments."

- "Malaise in the US due to Kirchner's support for Chavez"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (10/02) "... US Secretary of State Condoleezza Rice said that Venezuela's entry into the UN Security Council 'would mean the end of consensus at the UN Security Council; it is a serious issue.'

"... A high-ranking Mercosur diplomat said that 'Argentina's vote in favor of Venezuela 'will leave a mark on the US-Argentine relationship, although its depth or reach will depend on many variables and it will take months or years to determine it.'

"Secretary Rice is wondering whether the point is to use the high profile of the UNSC for a confrontation with the US instead of finding a solution for North Korea or Iran's nuclear program, contributing to stability in the Middle East, debating on Dafur and sending blue helmets there, or dealing with places like Burma."

- "Hugo Chavez is weaving powerful alliances with Iran and China"

Telma Luzzani, international columnist of leading "Clarín," writes (09/30) "... Venezuelan President Hugo Chavez is trying to get a seat at the UN Security Council...

"The Venezuelan proposal includes radical changes that will irritate more than one country.

"Caracas questions that only five countries have a right to veto and asks to expand the number of permanent seats by alleging that, given

the institution's crucial role in the war and peace, it should be 'democratized in the decision-making process.'

"The US is strongly campaigning against Venezuela, and Chavez has doubled his diplomatic activity by weaving powerful alliances with Asia, Africa, the Arab countries, Russia, Iran and China.

"Perhaps, the most intelligent move in Chavez's foreign policy is using oil to deepen his ties with Beijing in order to become indispensable to the Asian giant.

"... According to Vladimir Ovchinski, a Kremlin advisor, Venezuela believes that 'in the event China considers oil related to Venezuelan stability, Caracas will have a gigantic protector and Washington will think it twice before attempting to remove Chavez."

- "Bush in the loop of a Watergate reporter"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," writes (10/01) "No one tells President Bush the truth on Iraq. However, he is not interested in knowing too much either. He neither asks nor verifies anything. Everyone smiles or keeps silent in complicity. It is like he and his staff were living in a permanent 'state of denial.'

"These are the central conclusions of Bob Woodward's latest book. He is one of the most prestigious US journalists ever since he and Carl Bernstein led the research on the Watergate case... The title of his new book is precisely 'State of denial'...

"The truth is that, according to what some twelve high-ranking USG officials have unsuccessfully tried to report to the US President, Saddam Hussein was not piling up WMD...the insurgency there is today as strong as or even stronger than in 2003, and that at least another 40,000 US soldiers will be necessary to attempt to stabilize the country.

"The White House has denied what Woodward said in his book and...lashed out at his informants. Tony Snow, the White House's spokesperson, said 'in many ways, these books are like snowflakes - they seem to melt on mere contact.'"

- "Mexico says the wall is an 'offense' and asks Bush not to build it"

Leading "Clarín" reports (10/01) "The US Congress' approval of a

1,200 km border wall, which is aimed at putting a brake on Mexican immigration, has infuriated the government of Mexico and also raised protests from US civil organizations. However, it pleased the Republicans who promoted the controversial measure. The Fox administration announced it will write a letter to US President Bush asking him not to sign the law.

"With the support of 80 out of its 100 members, the US Senate passed the building of a wall on the US-Mexican border...

"John Boehner, head of the governmental majority at the US House of Representatives, said 'it is a Republican victory against the entry of illegal immigrants to our country.'

"... According to Democratic Leader Howard Dean, the head of the Democratic national Committee, the wall 'is a useless expenditure that will not solve the problem posed by undocumented immigrants.'"

- "The White House passed from initial fears to confidence"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," comments (09/30) "According to the power circles in this capital city, Lula is not the ideal candidate to incarnate South American 'leadership.' However, he is an acceptable candidate for the US and, perhaps, the most useful candidate vis-à-vis conflictive figures in the region, such as Bolivian Evo Morales or Venezuelan Hugo Chavez.

"In order to prevent possible friction, the White House and the US Department of State will officially keep silent until the outcome of the confrontation between Lula and his adversary, Geraldo Alckmin, is confirmed... However, much has changed since Lula overcame a wave of diplomatic and financial fears four years ago. And the US is willing to work with him.

"... According to the diplomats and government officials consulted by 'La Nacion,' ever since 2002, Lula has gained (President) Bush's confidence and Brazil has become a referent for Washington in the region to help it 'control' or stabilize' democracies in Venezuela and Bolivia, with some support from the Argentine Government.

"During an encounter in Canada this month, Tom Shannon, the current head for Latin America at the USG, said that 'some parts of South America really run the risk of 'becoming Pluto'...and eventually being declared off the planet.' In order to counterbalance this tendency, he mentioned Brazil and Chile, 'among others' as the leading representatives of a broader hemispheric project.'"

- "Chinese foreign policy intelligent priorities"

Leading "Clarín" carries an op-ed story by Felipe A. M. de la Balze, economist and international negotiator, who writes (10/01) "China is experiencing a spectacular boom and a fast progress in the international system...

"China's progress has sparked an intense debate on its consequences for the future of the world political balance.

"The thesis of the 'Chinese threat' is based on the natural fear raised by China's size...

"Fears prevail that the current Chinese strategy of 'peacefully' entering the international system hides a strategy of waiting to accumulate more economic and military power and therefore exercise its hegemonic preferences in Asia, and why not, in the world.

"... In order to consolidate the achievements it made during the last two decades, China needs a stable international scenario. Every piece of evidence indicates that it has become a power favoring the prevalence of the current 'status quo,' on which its fast progress and international strengthen is based.

"Only an international economic crisis or an internal shock could wreck its current strategy and tempt the Beijing leadership to carry out a nationalistic aggressive project that could lead it to a confrontation with Japan and/or the US."

- "The UN's 'no'"

Daily-of-record "La Nacion" carries an opinion piece by columnist Norberto Firpo, who writes (09/30) "Sixty one years have passed since the establishment of the UN so that it is time to suspect that

there is not any other institution more useless than the United Nations...

"The UN only occasionally managed to prevent or suffocate a war.

"Under its silly leadership, the world did not have one year of peace and was flooded with blood in Korea, Vietnam, Ireland, Bangladesh, Afghanistan, Chechnya, Kosovo, the Malvinas Islands and still in Iraq and the pathetic Middle East, only to cite some of the hottest sites of confrontation.

"... The UN by-laws, of 111 articles, sets forth peace guarantees, whose interpretation is confusing and can be easily infringed on...

"Delegates of fifteen countries make up said council but only five may veto every initiative that can prove irritating or inconvenient. This rare privilege is exhibited by the US, the UK, France, China and Russia.

"... The UN would do a huge favor to humanity if it placed its eyes on the villains of history not to make the same stupid mistakes."

- "Uruguay relaxes Mercosur climate"

Natasha Niebieskikwiat, columnist of leading "Clarín," writes (09/30) "President Tabaré Vázquez managed to surprise his Mercosur partners by announcing that he had decided to negotiate an intermediate trade deal with the US instead of an FTA."

"According to what 'Clarín' was able to learn, the news has relaxed tension within the bloc, which had re-heated in view of the bilateral meetings in Montevideo between Uruguayans and DUSTR Everett Eissenstat."

"... Mercosur partners worked on the premise that they could not OK an FTA between Uruguay and Washington, which in the end would be a copy of those deals the US has already signed with other countries of the hemisphere and that, in this case, it would damage Mercosur's integrity."

- "Confrontation in the US due to tariff reductions"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nación," comments (10/01) "The Argentine Government resorted to the US corporations' commercial interests to ask the Bush administration to maintain the tariff reductions for some Argentine exports vis-à-vis the opposition of local business chambers and holdout creditors..."

"The USTR made public submissions in favor and against maintaining Argentina within the GSP. The USTR will analyze and send its conclusions to Congress in the upcoming weeks for a final decision."

"In a document signed by Argentine Ambassador Jose Octavio Bordon, the Argentine Government asked the US to establish a 'reliable and predictable market' and maintain Argentina's tariff-free access to it."

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